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1 UNITED STATES DISTRICT COURT  
2 SOUTHERN DISTRICT OF NEW YORK

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3 EASY SPIRIT, LLC,

4 Plaintiff,

New York, N.Y.

5 v.

19 Civ. 3299 (WHP)

6 SKECHERS U.S.A., INC., *et al.*,

7 Defendants.

8 -----x

Teleconference

9 Argument

10 October 19, 2020

11 11:00 a.m.

12 Before:

13 HON. WILLIAM H. PAULEY III,

14 District Judge

15 APPEARANCES

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1 THE COURT: This is oral argument on the defendant  
2 Skechers' motion for summary judgment.

3 Would counsel for the plaintiff Easy Spirit give their  
4 appearance.

5 MR. SAUNDERS: Yes. Good morning, your Honor. Darren  
6 Saunders for Easy Spirit. With me here are my associates Jason  
7 Kasner and Cassandra Tam.

8 THE COURT: All right. Good morning to you,  
9 Mr. Saunders.

10 Would counsel for defendant Skechers, give their  
11 appearance.

12 MR. LEE: Yes, your Honor. Good morning. This is Bob  
13 Lee with Alston & Bird. I will be handling the argument. With  
14 me on the line are Ms. Emily Welch and Mr. Andy Ligotti, who I  
15 think you have met before, and then we also have two of our  
16 younger associates, Ms. Monica Ruiz and Ms. Michelle Wilco,  
17 listening in as well.

18 THE COURT: All right. Good morning to you.

19 Just as a general ground rule, I would ask each of you  
20 to identify yourselves before addressing the Court for my  
21 benefit and that of the court reporter.

22 So with that, Mr. Lee, do you wish to be heard on  
23 behalf of Skechers?

24 MR. LEE: Yes, I do, your Honor. Thank you.

25 We believe, Skechers believes that the factual record

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1 demonstrates that summary judgment in Skechers' favor is  
2 appropriate.

3 As you may, of course, see from the pleadings and in  
4 the summary judgment papers, Easy Spirit broadly alleges two  
5 categories of claims -- trade dress-related claims and  
6 trademark-related claims. It alleges that Skechers has  
7 infringed its trade dress rights by Skechers' sale of its  
8 Commute Time shoe, that it has diluted Easy Spirit's trade  
9 dress rights, and that it alleges that Skechers has infringed  
10 its Traveltime trademark by its use of the marks Commute and  
11 Skechers Commute Time and that it, again, has diluted those  
12 trademarks rights. However, as we demonstrated in our opening  
13 and reply papers, there is no genuine issue of material fact  
14 preventing summary judgment in Skechers' favor on all of these  
15 claims.

16 Now, at a high level I will sort of hit the arguments  
17 and then I will go into more detail, your Honor.

18 In response to our motion for summary judgment, Easy  
19 Spirit failed to put forth any issue creating a material fact  
20 that they are disputing that its trade dress rights are  
21 comprised of generic elements that are not entitled to  
22 protection, that those elements are also functional, therefore  
23 not entitled to protection, in that it failed to put forth any  
24 substantive evidence demonstrating that its trade dress is  
25 entitled to secondary meaning or any acquired distinctiveness.

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1           The rule of evidence it marshaled supports that Easy  
2 Spirit, at best, engaged in what we would call brand-level  
3 advertising, promoting the Easy Spirit brand as a whole, at the  
4 top level, if you will, your Honor, but didn't do any  
5 advertising to tie consumers' protections to its trade dress or  
6 highlighting any elements or the trade dress or design of the  
7 Traveltime itself.

8           It did not even address the confusion factors for  
9 trade dress infringement, where Skechers clearly articulated  
10 that it does not infringe these trade dress rights.

11           On the trademark side, it did offer some arguments,  
12 your Honor, but cannot meaningfully dispute that the marks  
13 Skechers Commute and Skechers Commute Time are dissimilar to  
14 the Easy Spirit Traveltime, that there is no actual confusion  
15 evidence whatsoever in the record. In fact, Skechers has a  
16 survey expert who has opined that confusion is not likely.

17           Instead, primarily in its opposition, Easy Spirit  
18 focused on its efforts -- focused its efforts on issues of what  
19 it calls witness credibility and inconsistencies in certain  
20 deposition testimony and factual record; but, in reality, those  
21 arguments are all unsupported and unfounded, and they are  
22 simply designed to distract from a meaningful consideration of  
23 the merits of Easy Spirit's claims.

24           THE COURT: But, Mr. Lee, isn't it true that Skechers  
25 changed the name of its shoe to Commute Time after it had

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1 already been selling the shoe under the name Commute for  
2 months?

3 MR. LEE: Yes, sir, it did.

4 THE COURT: And what is Skechers' explanation for  
5 that?

6 MR. LEE: Certainly, your Honor.

7 The documents show that Mr. Greenberg made a comment  
8 that he didn't like the Commute name, and he instructed his  
9 team to investigate using the marks Commuters by Skechers or  
10 Skechers Commute Time. So he put that to the team to run  
11 through legal, run through a clearance process, run through  
12 legal, which it did, and Skechers made the name change. They  
13 simply didn't like --

14 THE COURT: But isn't it odd for a manufacturer to  
15 launch a shoe with a given name and sell it and then change the  
16 name?

17 MR. LEE: Respectfully, your Honor, I don't believe  
18 so, especially for a shoe like this, your Honor, that has no  
19 promotion, it has no marketing behind it. It really, for  
20 Skechers, involved just changing a UPC label. And, in fact,  
21 what it did, however, was only change the label on certain  
22 boxes. It did not go back and retrofit anything. So its  
23 inventory of shoes that were already being sold under the  
24 Skechers Commute were still sold as a Skechers Commute. So, in  
25 fact, what you had on the market for -- even until today, your

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1 Honor, is shoes being sold that have, if you will, both names  
2 on the box.

3 But, again, it's not a brand that Skechers advertises  
4 or promotes. It doesn't promote Skechers Commute or Skechers  
5 Commute Time individually from simply promoting the shoe as a  
6 Skechers shoe. So for Skechers it wasn't a meaningful change  
7 or a change in a business practice that necessitated any real  
8 effort on Skechers' behalf.

9 THE COURT: But hasn't Skechers sold over 400,000  
10 pairs of Commute Time shoes since their introduction in 2018?

11 MR. LEE: Total, both shoes, that you could classify  
12 as a Skechers Commute or a Skechers Commute Time, your Honor.  
13 That is from inception roughly to date or at least through the  
14 most current numbers we have. Again, the overwhelming majority  
15 of those shoes would have been sold as a Skechers Commute, as  
16 opposed to a Skechers Commute Time. But, again, really the  
17 only place you ever see the name is on some boxes, where we  
18 have some styles in a Skechers Commute Time box or on a UPC  
19 label.

20 THE COURT: With respect to the dilution analysis, why  
21 isn't that indicative of considerable renown?

22 MR. LEE: You mean why is the 400,000 pairs not, your  
23 Honor.

24 THE COURT: Yes.

25 MR. LEE: Well, your Honor, that's not really an

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1 element that I think either party really has addressed, but  
2 what I would say --

3 THE COURT: Well, I'm asking. The parties didn't  
4 address a lot of things. Why isn't that indicative of renown?  
5 These shoes sell for, what, somewhere between, what, 30, 40,  
6 \$50 a pair?

7 MR. LEE: Yes, sir.

8 Well, it's probably because, your Honor, I would say  
9 Skechers sells millions of pairs a year. If you look over the  
10 last few years, these shoes amount to less than two-tenths of  
11 one percent of Skechers' sales. Skechers is a big shoe  
12 company, your Honor. They sell a lot of shoes. so, given how  
13 minuscule this offering is within the realm of Skechers' sales,  
14 this is just a minor shoe for Skechers. And so, therefore, at  
15 least from Skechers' perspective, the mark and dress had little  
16 to no renown.

17 THE COURT: All right. Why don't you continue?

18 MR. LEE: Yes, your Honor.

19 First, I will start with the trade dress arguments,  
20 your Honor.

21 In order for Easy Spirit to proceed with a trade dress  
22 claim, there are certain things it has to do. It has to  
23 identify the elements of its trade dress and explain ways that  
24 those elements are distinctive and demonstrate that those  
25 elements are not generic or overbroad. It must also

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1 demonstrate that those elements and its trade dress is not  
2 functional. It must prove that it has acquired distinctiveness  
3 or secondary meaning in its trade dress, and then it must prove  
4 a likelihood of confusion.

5 Easy Spirit, honestly, your Honor, its failed on its  
6 trade dress claims in every regard. In our opposition brief we  
7 detail why these elements are generic. We cite it to their own  
8 witness's 30(b)(6) testimony, who identified primarily these  
9 elements as all being typical and common in the industry. Easy  
10 Spirit offered no response to that, your Honor.

11 Looking at the functionality, your Honor, again, we  
12 detailed with evidence why each of these elements were  
13 functional. You are looking at an easy slip-on/slip-off upper,  
14 for example, a rubber toe bumper for slip resistance, the  
15 claimed arch between the midsole and heel, your Honor, given  
16 the shape of the foot. Again, all of these elements, your  
17 Honor, we argue were functional and, again, Easy Spirit failed  
18 to even address that issue whatsoever in its opposition.

19 And looking at secondary meaning again, your Honor, as  
20 you are well aware, Courts in the Second Circuit and the  
21 Supreme Court have all recognized that product design rarely  
22 serves itself as a source identifying function, which  
23 necessitates thus the secondary meaning consideration. And  
24 when you are looking at secondary meaning, a party seeking to  
25 prove secondary meaning has a very high burden, and proof of



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1 secondary meaning entails vigorous evidentiary requirements.

2 Now, Courts in the Sixth Circuit have -- excuse me,  
3 Second Circuit have identified six different factors. I won't  
4 list them all, but they are in our papers. And by and large,  
5 Easy Spirit has offered no arguments and very little evidence  
6 that it has tried to marshal to demonstrate secondary meaning.

7 I will lump the advertising, sales success, and media  
8 coverage factors together real quick.

9 Easy Spirit has produced some limited information over  
10 the last two years about some of its advertising and its sales  
11 practices. Its witnesses weren't able to substantiate or  
12 corroborate anything prior to 2017. As you may have seen in  
13 some of the papers or we have discussed in the past, there was  
14 an acquisition by this plaintiff of the Easy Spirit brand at  
15 the end of 2017, and the witnesses basically said, We can't  
16 corroborate or substantiate anything prior to that time.

17 What little they did point to post 2017 is irrelevant,  
18 your Honor, because you establish secondary meaning at the time  
19 of the first act of alleged infringement which was, in this  
20 instance --

21 THE COURT: So let me ask you this, though. Even  
22 assuming that Easy Spirit can only show that it sold  
23 approximately 390,000 pairs of Traveltime shoes between 2017  
24 and early 2018, why isn't that enough to show secondary  
25 meaning?

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1 MR. LEE: Certainly, your Honor.

2 Courts in this district have repeatedly found that  
3 sales success standing alone is not sufficient to establish  
4 secondary meaning, especially in a claim of something like this  
5 for product configuration. Because you don't know that the  
6 sales -- what the sales are tied to. Is the sales tied to the  
7 fact that they promote it as an Easy Spirit shoe, your Honor,  
8 or is it tied to the fact that they promote it as a Traveltime  
9 shoe but not the trade dress elements themselves, or is it  
10 attributed to the fact that the price point is attractive? So  
11 Courts routinely say sales success alone is not sufficient -- a  
12 sufficient consideration or to be determinative of secondary  
13 meaning.

14 Here, your Honor, there is also no evidence of, quote,  
15 sales success. I mean, you have got a shoe without a track  
16 record of documented sales such that you can determine that  
17 these sales are continuing to be successful as opposed to be  
18 declining from what may have been a sales high at some point in  
19 the past.

20 And when you look at those sales in the face of the  
21 advertising they have even pointed to, your Honor, the  
22 advertising they have pointed to demonstrates they don't  
23 promote this shoe by its trade dress. They promote this shoe  
24 either as an Easy Spirit shoe, just as an Easy Spirit shoe, or  
25 with the Traveltime trademark.

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1           What little they have pointed to, your Honor, and that  
2 we have pointed to that we got out of the record shows that  
3 they do not promote this shoe by its design or its trade dress  
4 elements so, therefore, necessarily create the association of  
5 the trade dress to a source in the mind of the consuming  
6 public. So, again, that's why sales alone, your Honor, are not  
7 indicative.

8           We have offered also a survey, your Honor. You know,  
9 one of the factors for secondary consideration -- excuse me,  
10 secondary meaning are consumer studies; and, in fact, the  
11 Courts in this district have recognized that consumer studies  
12 are often the most direct and persuasive evidence to secondary  
13 meaning. Here there are none from the plaintiff. In fact,  
14 what you have is a survey we conducted by our expert, Dr. Jeff  
15 Stec, who is very experienced in this area, who found no  
16 likely -- excuse me, no secondary meaning. Dr. Stec's opinions  
17 are un rebutted, your Honor. They didn't offer an expert  
18 report. They didn't hire anyone to respond to his report.  
19 They didn't even depose him, your Honor. So, again, you  
20 know --

21           THE COURT: But isn't his study, given that it only  
22 focuses on Internet purchasers, of a limited probative value?

23           MR. LEE: Well, your Honor, there are two studies,  
24 your Honor. One is a secondary meaning survey, your Honor,  
25 which is done just how these surveys are done. All of these

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1 surveys now are done over the Internet. What I think you are  
2 referring to, your Honor, is second likelihood of confusion  
3 survey, which plaintiff has criticized from a trademark  
4 infringement -- as part of the trademark infringement analysis  
5 as being limited somehow or only being of limited value because  
6 it focused on online sales.

7 Again, I can address that in more detail either now or  
8 when I get to that in my remarks, but there is no similar  
9 consideration, if you will, for the trade dress survey. He did  
10 a formal, routinely recognized survey. It's all done over the  
11 Internet, your Honor, because that's how these surveys are  
12 conducted, especially these days, and he found no secondary  
13 meaning.

14 THE COURT: What about on the likelihood of confusion,  
15 that aspect of the survey?

16 MR. LEE: Yes, your Honor. He offered a survey and  
17 opined there is no likelihood of confusion with regard to the  
18 trademarks, your Honor. He did not do a trade dress  
19 infringement survey. But on the trademarks he said -- again,  
20 he looked at the survey universe of consumers likely to  
21 experience both parties' trademarks.

22 In this instance, your Honor, the evidence shows that  
23 Skechers, when it uses its Commute Time trademark, primarily  
24 uses it online. If you look at how you are buying online,  
25 consumers are buying a Skechers Commute Time, they are buying

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1 it online from Skechers, from Zappos, from Wal-Mart, or  
2 wherever.

3 The evidence demonstrates that Skechers does not  
4 advertise or promote its trademark in any fashion, and it  
5 doesn't put the trademark on store shelves *per se* as part of  
6 the customer purchasing experience. The only other place you  
7 see the Skechers trademark is on the box which, generally  
8 speaking, you only see after you purchase the product.

9 So the evidence of record for Easy Spirit is similar.  
10 You know, they promote and sell this product online, so that's  
11 where consumers are seeing this. There is no evidence in the  
12 record of point of sale advertisements. There is no evidence  
13 of record of how Easy Spirit presents its point of sale, or  
14 otherwise how they use their mark. Because, again, they  
15 promote their shoe primarily as an Easy Spirit shoe or the  
16 Traveltime in online advertising and other places.

17 So Dr. Stec was faced with, okay, I'm trying to  
18 replicate the market. How does the market view these parties'  
19 marks? And primarily, when you are looking and seeing both of  
20 these marks, these parties see it online as the Skechers  
21 Commute Time or the Easy Spirit Traveltime. So that's the  
22 market he replicated.

23 Now, even if, again, that is only partially the market  
24 for these parties goods -- which I would admit it is, because  
25 both of these parties' shoes are sold in brick and mortar

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1 stores -- he is left with replicating how the marks themselves  
2 are presented to consumers and primarily they are presented  
3 online. So if you are going to see potential confusion between  
4 the marks, that's where it is more likely to be found, so  
5 that's the survey that he ran. He found no confusion.

6 Now, your Honor, turning back to sort of the trade  
7 dress issues, if it's okay with you, your Honor?

8 THE COURT: Go ahead.

9 MR. LEE: Thank you.

10 Again, the only factor really that there is any  
11 evidence that -- it's not really even evidence, your Honor,  
12 that I would say that would support Easy Spirit' argument is,  
13 if you are looking at the exclusivity of its use, I guess  
14 Skechers doesn't dispute that Easy Spirit has used its trade  
15 dress for some period of time; but, as you see from the record,  
16 there is an overwhelmingly abundant volume of evidence that its  
17 use has not been exclusive.

18 Skechers put into the record, your Honor, dozens of  
19 shoe pairs, both from Skechers' prior shoes, from the '90s and  
20 early 2000s, where it was selling nearly identical shoe styles  
21 to its Skechers Commute. It put in dozens of pairs of shoes  
22 from third parties, where Skechers, again, documented -- was  
23 able to obtain evidence through subpoenas and the like that  
24 these third parties sold millions of pairs of these shoes.  
25 Skechers itself sold millions of pairs of these shoes. Easy

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1 Spirit's own witnesses admitted that all of these shoes -- 25  
2 different pairs of Skechers shoes, for example -- all possess  
3 all of these claimed trade dress elements. So certainly Easy  
4 Spirit has never enjoyed any exclusive use of its trade dress.

5 Now, looking at the confusion factors, your Honor,  
6 again, as your Honor is well aware, certain factors weigh more  
7 heavily than others, things like strength of the trade dress or  
8 similarity or proximity or issues of confusion. Here, really,  
9 the only factor that favors Easy Spirit is the competitive  
10 proximity factor. We will admit, your Honor, these shoes are  
11 competitive. However, overwhelmingly, the other factors favor  
12 Skechers in the substantive finding of no likelihood of  
13 confusion.

14 Again, based upon all of this third-party evidence  
15 that we put forth and the fact that Easy Spirit cannot  
16 establish secondary meaning in its trade dress, its trade dress  
17 is weak at best. We detailed in our brief why the parties'  
18 trade dresses were not similar. We went through that element  
19 by element. Again, Easy Spirit did not respond to that.

20 We demonstrated that the quality of our products is  
21 high and buyer sophistication is high. You know, these are  
22 sophisticated buyers. Both parties' documents in evidence  
23 recognize that. There is no evidence of absolute confusion, as  
24 I talked about, your Honor, for the trade dress -- on the trade  
25 dress infringement side. If there was, I believe both parties

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1 would have heard about it by now, your Honor.

2 Really the only factor they focus on, your Honor, is  
3 some discussion of what they say would be Skechers' bad faith  
4 in adopting its trade dress. The problem, your Honor, the  
5 record just doesn't support that. I know they don't like it,  
6 but the record simply does not support the fact that Skechers  
7 engaged in good faith in the development and design of its  
8 shoe.

9 THE COURT: Excuse me, Mr. Lee, but Skechers does not  
10 dispute, does it, that its lead designer sent a Traveltime shoe  
11 that happened to be, in his words, laying around his office, to  
12 China for copying the measurements. Why isn't evidence of bad  
13 faith?

14 MR. LEE: Two reasons, your Honor.

15 One, he had already designed the upper and the midsole  
16 design of the shoe at the time that he did that. So his design  
17 was already set. And so their complaint about what they claim  
18 is their trade dress goes to a design that, again, he had  
19 already established based upon his own efforts.

20 And, two, that sample was used only to determine how  
21 high and how wide that piece of foam in the midsole is, your  
22 Honor. That was the only element that he said, hey, I want a  
23 midsole that's got these measurements. I don't have a way to  
24 measure it accurately. Can you measure it for me? The parties  
25 don't dispute that. The parties don't dispute that that's all



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1 that he did, your Honor. And, again, the relative height and  
2 width measurements of that midsole piece of foam is not an  
3 element of their trade dress.

4 So certainly he sent the shoe to China, your Honor,  
5 and at best that evidence supports a claim somehow that we  
6 intended to compete or even intended to copy, your Honor, but  
7 that's not the law. The law says bad-faith intent to infringe.  
8 And in this instance, your Honor, there is nothing wrong with  
9 him using that shoe sample, using that shoe to create a sample  
10 for those measurement, your Honor, when it didn't go into any  
11 elements of their trade dress and which, again, it's a shoe  
12 that we labeled all over it Skechers. We put Skechers' name on  
13 it in multiple places on that design -- on the outsole, on the  
14 insole, on the tongue. All of those things demonstrate that  
15 there was no bad faith intent to infringe. All you have is,  
16 again, this one shoe use as a sample for some measurements,  
17 your Honor, when the measurements themselves are unrecognizable  
18 to a consumer in any shape or form.

19 THE COURT: But is the Skechers house mark present on  
20 every Commute Time shoe?

21 MR. LEE: Yes, your Honor, in multiple places.

22 THE COURT: What about the Commute Time Snow Escape  
23 shoe?

24 MR. LEE: The Commute Time Snow Escape shoe, your  
25 Honor, I'm not sure. If you give me a second --

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1 THE COURT: Counterstatement, paragraph 40.

2 MR. LEE: Give me just a second, your Honor.

3 (Pause)

4 MR. LEE: Your Honor, looking at this image -- I  
5 honestly don't have the shoe in front of me -- I could not see  
6 for this first shoe, whatever it is called, where it could be.  
7 It could be on the side, your Honor. That's my understanding.  
8 Again, I don't have -- I'm looking at their document. I'm not  
9 looking at the image of the shoe or the shoe itself.

10 THE COURT: All right. Let's move on.

11 MR. LEE: Certainly. But I would say, your Honor,  
12 this shoe, this one shoe you are talking about, this first  
13 shoe, it doesn't meet -- it's not -- doesn't fall within the  
14 scope of their alleged trade dress. It doesn't have all of the  
15 same elements, your Honor, and again --

16 THE COURT: Look, I understand. You were just making  
17 the point that Skechers' trademark name is plastered all over  
18 every shoe --

19 MR. LEE: Yes, your Honor.

20 THE COURT: -- and I don't think that's true.

21 MR. LEE: Okay, your Honor. Well, again, one of my  
22 colleagues will look at that --

23 THE COURT: It's time to move on, because I want to  
24 hear from Easy Spirit. What other key points do you want to  
25 make?

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1 MR. LEE: Yes, your Honor. Okay. Well, I will move  
2 on again to the trademark infringement, your Honor.

3 Again, the marks themselves, Skechers Commute Time,  
4 Skechers Traveltime, are dissimilar in sight, sound, and  
5 meaning, your Honor. The law doesn't protect --

6 THE COURT: Right, but aren't --

7 MR. LEE: -- synonyms.

8 THE COURT: -- they synonyms?

9 MR. LEE: Well, they are synonyms, your Honor. They  
10 can be. But -- and, certainly, that's the nature of trademark  
11 law. You know, parties, as you know, there are various  
12 classifications of trademarks, whether they are generic,  
13 descriptive, suggestive. Parties employ synonyms all of the  
14 time, your Honor, and we have pointed at some cases in our  
15 brief that recognize that, again, parties are -- utilize  
16 synonyms regularly and are not found to infringe. So you are  
17 looking --

18 THE COURT: But after you started with the synonym and  
19 the Commute shoe was already in commerce, you then took a big  
20 step toward increasing that similarity, didn't you, by adding  
21 the word "time" to your shoe?

22 MR. LEE: So I wouldn't say -- I wouldn't agree that  
23 it was a big step, your Honor. Certainly it did increase the  
24 similarity because "time" is in their mark and "time" is in our  
25 mark. But the formative elements of both parties' marks are

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1 still very dissimilar, your Honor.

2 THE COURT: All right. What else?

3 MR. LEE: Yes, sir.

4 Well, again, because of the movement and nature of  
5 "travel," again, their mark is weak with lots of third-party  
6 use in this similar arena. Again, we submit that the parties'  
7 marks are dissimilar and, again, you have to recall, again,  
8 both parties used their respective marks with their respective  
9 house mark. So it is the Skechers Commute Time, it is the  
10 Easy Spirit Traveltime.

11 Again, there is no evidence of confusion whatsoever in  
12 the record. And you have our survey, which I have already  
13 talked about already, that is unrebutted.

14 Again, they are getting into issues, such as, the good  
15 faith/bad faith. I've talked about that a little bit. You do  
16 have the name change from Commute to Commute Time that  
17 Mr. Greenberg testified he didn't like the Commute, so he first  
18 wanted it changed to Commuters by Skechers and then Skechers  
19 Commute Time.

20 But Ms. Hobbs detail the process that she employed.  
21 She ran it through legal, your Honor, and they made the change.  
22 And so, again, is there, at best, evidence of an intent to  
23 compete? At best, potentially, but certainly not evidence of  
24 an intent to infringe, again, where the mark is used with its  
25 Skechers house mark. And, again, the Commute Time name doesn't

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1 appear on the shoe at all.

2 Now, looking briefly at dilution, your Honor, again,  
3 as you know, dilution, whether under state or federal law,  
4 requires that a mark or a dress be either distinctive or  
5 famous. There are various factors that you consider to  
6 establish whether that mark or dress is distinctive or famous.  
7 Easy Spirit did not address any of those. But for the same  
8 reason that its dress and mark are not a strong brand or the  
9 dress does not have secondary meaning, certainly they are not  
10 distinctive or even remotely rising to the level of fame, your  
11 Honor, that the federal law recognizes is reserved for marks  
12 like Budweiser and Camel and Coca-Cola.

13 The resultant new evidence is to have how or why  
14 either the trade dress -- Easy Spirit's trade dress or  
15 trademarks have been diluted, either under a theory of blurring  
16 or tarnishment, your Honor. There is just simply no evidence  
17 in any way, shape, or form that's been marshaled that there is  
18 any sort of diluted aspect to Skechers' conduct that affects  
19 Easy Spirit's mark or trade dress. And so for the same reason  
20 that the factors, the confusion factors weigh heavily in  
21 Skechers' favor, consideration of them from an aspect of  
22 dilution weighs heavily in Skechers' favor.

23 With that, your Honor, I will turn it to you for any  
24 questions or to Mr. Saunders.

25 THE COURT: Thank you, Mr. Lee.

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Let me hear from Mr. Saunders.

MR. SAUNDERS: Thank you, your Honor.

I would like to begin very briefly with three fundamental legal propositions on summary judgment motions, the first two from the U.S. Supreme Court.

The first being, "In determining whether there is a genuine issue as to any material fact, the evidence of the nonmovant is to be believed and all justifiable inferences are to be drawn in its favor." That's *Anderson v. Liberty Lobby*. I know the Court is familiar with this.

The Second Circuit has also said that "even if one inference seems like it may be the better one, the Court must still draw all inferences in favor of the nonmoving party." That's *Island Software v. Microsoft*, 413 F.3d 257.

The second point is that "credibility determinations, the weighing of the evidence, and drawing inferences from facts are of course jury functions, and it's not appropriate for summary judgment." That's also *Anderson v. Liberty Lobby*.

And the third proposition is that "the burden of demonstrating the absence of any genuine dispute as to a material fact rests with the moving party," and that's also U.S. Supreme Court.

Here, Skechers has not met its burden of demonstrating an absence of any genuine dispute as to a material fact and, indeed, your Honor, there are truly *bona fide* disputes as to

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1 numerous material facts which I will detailed regarding most of  
2 the *Polaroid* factors and not, as Skechers claims, only as to  
3 intent and bad faith.

4 Now, the Second Circuit has said, "To avoid summary  
5 judgment, all that is required of the nonmoving party is a  
6 showing of sufficient evidence supporting the claimed factual  
7 dispute as to require a judge or a jury's resolution of the  
8 parties' differing versions of the truth." That's *Kessler v.*  
9 *Westchester County*, 461 F.3d 199.

10 THE COURT: Look, Mr. Saunders, let's get down to this  
11 case, okay? A huge volume of paper has been submitted on this  
12 motion, and there are issues that I am confused by. So, I  
13 mean, I have let you speak but, quite frankly, references to  
14 Supreme Court precedence on summary judgment, I am all too  
15 familiar with them.

16 MR. SAUNDERS: I understand, your Honor.

17 THE COURT: So, first, with respect to your trade  
18 dress claim, your complaint explicitly listed six elements, but  
19 now in your summary judgment papers, you claim that the trade  
20 dress includes the overall design of the shoe.

21 Can you explain that discrepancy?

22 MR. SAUNDERS: Sure, your Honor. It's not a  
23 discrepancy at all. It's really just a matter of semantics.  
24 We are not trying to change anything.

25 We have identified -- first of all, Skechers claims

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1 that the trade dress itself is not sufficiently distinct,  
2 specific enough to warrant protection, but that's not true.  
3 And, in fact, as you know, in paragraph 21, I believe, of the  
4 complaint, we did detail six very specific elements, and it is  
5 those elements in combination which create the overall  
6 appearance of the shoe, your Honor. What Skechers is trying to  
7 do is take them one at a time, take them out and say, okay,  
8 this shoe has an arch and this shoe has a swirl. But you can't  
9 do that. It's -- the elements in combination make up the  
10 overall appearance of the shoe, and there is nothing --

11 THE COURT: But doesn't the -- excuse me. Doesn't the  
12 overall design of the shoe include the upper patterns and  
13 materials for the shoe, things that you concede that you have  
14 no protectable rights in?

15 MR. SAUNDERS: Yes. Certainly that could include  
16 those patterns, but that's evidence, again, of copying and  
17 intent. Even if that one element is not claimed as part of the  
18 trade dress, your Honor, that doesn't mean it's not relevant in  
19 the analysis. They copied everything to the finest detail. So  
20 some of it is trade dress and some of it just goes to intent,  
21 and we think that that's very strong evidence of intent, which  
22 I was going to get to a little bit later.

23 THE COURT: Excuse me, but you are not claiming that  
24 you have protectable rights in the upper patterns or materials  
25 for the shoe, are you?



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1 MR. SAUNDERS: That's correct, your Honor. That's  
2 correct. Easy Spirit is not claiming that. But, as I said, it  
3 doesn't mean it's not relevant to the analysis. It goes to  
4 intent. Even if -- there is case law on this, by the way,  
5 there is case law on this, there is a section in *McCarthy*. I  
6 think it is the *My-T-Fine* case -- I don't have it in front of  
7 me -- that says, where the defendant has infringed a trademark  
8 or trade dress right and also copies nonprotectable elements,  
9 that's still evidence of intent to come as close as possible  
10 and it's still relevant and admissible, your Honor.

11 THE COURT: Could you explain to me the relationship  
12 between Easy Spirit, Nine West, Marc Fisher, and Premier  
13 Brands?

14 MR. SAUNDERS: Well, some of those are just  
15 predecessor entities. Marc Fisher Footwear purchased the  
16 Easy Spirit business from Nine West Corporation. Nine West is  
17 a prior owner of that business, a predecessor in interest, and  
18 Marc Fisher now has a series -- produces a series of different  
19 branded shoes, some under license and some under brands that it  
20 owns, such as Easy Spirit.

21 THE COURT: So are you telling me that Marc Fisher is  
22 Easy Spirit LLC the plaintiff in this case?

23 MR. SAUNDERS: No. Easy Spirit LLC is a discrete  
24 legal entity and that entity is the owner of the intellectual  
25 property at issue here and is the entity that designs and sells

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1 the Easy Spirit and Traveltime shoes. So it's the proper  
2 plaintiff, your Honor.

3 Marc Fisher is actually not a legal entity. Marc  
4 Fisher Footwear is basically just a business name, an umbrella  
5 name that incorporates each of the separate and independent  
6 LLCs who sell the branded footwear. So each LLC sells one  
7 particular brand of footwear. So the only proper plaintiff is  
8 the owner of the IP here, and that's Easy Spirit LLC.

9 THE COURT: Where does Premier Brands fit in?

10 MR. SAUNDERS: Premier brands . . .

11 Hold on.

12 (Pause)

13 MR. SAUNDERS: At the moment is there a particular  
14 reference you are looking at?

15 THE COURT: No, Premier Brands is mentioned throughout  
16 in your briefs, and I just can't figure out where they fit in.  
17 You have got sales data from Premier Brands. So how do they  
18 fit into this puzzle?

19 MR. SAUNDERS: I believe that Premier Brands is also a  
20 predecessor entity, your Honor. The only seller currently of  
21 the Traveltime shoe is Easy Spirit LLC.

22 THE COURT: But does Easy Spirit have any records that  
23 accurately reflect the number of Traveltime shoes that have  
24 been sold since their inception?

25 MR. SAUNDERS: Not to the exact penny, your Honor.

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1 Unfortunately, because of the own change of ownership of the  
2 brand multiple times, the company was not able to obtain  
3 detailed sales information from all of the predecessor  
4 entities. It did what it could.

5 But certainly, on this record, that should not affect  
6 its ability to presently protect its intellectual property  
7 rights. So if it sold 10 million or 11 million or 12 million,  
8 we think that it doesn't really matter at that point, that  
9 these are protectable rights and that the jury could  
10 certainly -- a reasonable jury could find, based on this  
11 evidence, that they are protectable rights.

12 THE COURT: Right, but in your complaint you allege  
13 that they sold 11 million pairs of Traveltime shoes, yet the  
14 evidence that's presented on this motion talks in terms of  
15 hundreds of thousands of pairs. That's a huge difference,  
16 isn't it?

17 MR. SAUNDERS: It is. The 11 million figure was based  
18 off of information obtained from factories on number of  
19 products ordered. And since the companies did not have  
20 excessive inventory of the shoes, Mr. DeZao had believed all of  
21 them were sold. And so that's where that number came from.  
22 It's certainly a good-faith number.

23 But the sales data itself is more limited to recent  
24 years. As we said in the complaint and in our papers, the shoe  
25 was a big hit early on, right after its introduction, and had

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1 massive sales. In 2006 alone, it was the number-one selling  
2 shoe, as we mentioned in our papers, in the entire country for  
3 that category for women's fashion. So it is true that the more  
4 significant sales were earlier on in the shoe's lifetime,  
5 lifespan, however, that success is what helped build that brand  
6 quickly and make it as popular and well known and as  
7 distinctive as it is.

8 THE COURT: But sales records matter to the secondary  
9 meaning analysis, right? It's an important factor.

10 MR. SAUNDERS: Yes, but as I --

11 THE COURT: If there is no secondary meaning, there is  
12 no protectable trade dress, and the sales records that have  
13 been put in on this motion are confusing, to say the least.

14 MR. SAUNDERS: Yes, we did the best we could with  
15 that, your Honor. But I would refer the Court to a Southern  
16 District case with very similar facts, *Frito-Lay v. The Bachman*  
17 *Company*, 704 F.Supp. 432, and that's cited on page 15 of our  
18 opposition brief, and this was a motion this is a trade dress  
19 case motion for summary judgment made by the defendant, and the  
20 Court there, Judge Cedarbaum, held that the -- stated "the  
21 undisputed facts that Frito-Lay, the plaintiff, has been using  
22 the trade dress for at least 15 years," which happens to be the  
23 same period of time here, "and that the trade dress has been  
24 featured exclusively in advertising," which is true here, "and  
25 that plaintiff's product experienced strong sales," which is

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1 also true here, your Honor, "could also lead a trier of fact to  
2 determine reasonably that the trade dress is a strong one  
3 deserving of broad protection." And so the same is -- it's the  
4 same logic and reasoning here.

5 That evidence -- if we put forward, the evidence that  
6 we have provided to the Court on this motion, the jury could  
7 reasonably determine based on that evidence that the trade  
8 dress has acquired secondary meaning and also has -- and is  
9 therefore protectable.

10 And we are trying to find -- let's see, statement of  
11 fact, coming back to the issue of units sold, your Honor,  
12 referring you to Skechers' Statement of Fact No. 264, No. 264,  
13 which is on page 75 of that document, that Easy Spirit has  
14 provided a separate record from October 2011 through December  
15 2017 showing alleged Traveltime sales of \$3,912,479 or  
16 4,800,226 units sold, so either of those numbers. And that's  
17 attached to the Welch declaration as Exhibit CJ, CJ.

18 So we did provide the Court with as much information  
19 as we could, but we believe it's legally sufficient information  
20 to establish secondary meaning, your Honor.

21 So I would say --

22 THE COURT: Thank you.

23 MR. SAUNDERS: I'm sorry?

24 THE COURT: No, go ahead.

25 MR. SAUNDERS: Okay. So I would say, accepting those

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1 facts as true, for the purposes of this motion, they raise a  
2 legitimate dispute as to a material fact that a trier of fact,  
3 the jury, could find in favor of Easy Spirit on. Skechers is  
4 saying completely failed to demonstrate any evidence and to put  
5 forward evidence of secondary meaning, and here we believe we  
6 have more than sufficient evidence. But even if it -- at the  
7 end of the day, if it's not sufficient, it certainly raises an  
8 issue of fact that should preclude summary judgment, your  
9 Honor.

10 Now, moving on to the shoes themselves in the context  
11 of likelihood of confusion --

12 THE COURT: Before you do that, you appended several  
13 news articles to your summary judgment papers that Skechers  
14 claimed were not produced during discovery. Why should I  
15 consider them?

16 MR. SAUNDERS: Well, is there any prejudice? You  
17 know, if they are just, you know, a multitude of -- just to  
18 corroborate other documents that were produced in the  
19 litigation, unless there is some real prejudice by producing  
20 additional examples as opposed to with holding an entire  
21 category of documents and then dumping them at the last minute  
22 or after discovery, which we did not do, I would say that the  
23 Court certainly is free to consider them and give them whatever  
24 weight it deems appropriate.

25 THE COURT: Of the articles which you did produce,

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1 weren't nearly all of them published after Skechers introduced  
2 the Commute Time shoe?

3 MR. SAUNDERS: Your Honor, some predate, some were  
4 about the same time that they were actually designing the shoe.  
5 I mean, there was one article, they called the shoe "iconic,"  
6 in the leading trade publication in this industry, *Footwear*  
7 *News*, and that was --

8 THE COURT: Right, but how is one article sufficient  
9 to show secondary meaning even if I decide to consider the  
10 *Footwear News* piece?

11 MR. SAUNDERS: There are two aspects to that.

12 The first is, we are not saying any single article  
13 establishes secondary meaning. You have to view the evidence  
14 in its totality, and the evidence in its totality supports  
15 enough distinctiveness and recognition such that there is  
16 secondary meaning.

17 And the second answer to that is, you know, some  
18 articles may not be as significant depending upon who published  
19 them and who wrote them; but, again, *Footwear News* is  
20 basically, your Honor, the Bible in this field. It is the  
21 leading trade publication that every single footwear  
22 manufacturer subscribes to and reads. And so if they are  
23 saying something about a particular shoe, it should be given  
24 more weight in the industry than, perhaps, others.

25 THE COURT: In your view, is there any difference in

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1 the likelihood of confusion analysis for your trademark and  
2 trade dress claims?

3 MR. SAUNDERS: No. No, your Honor. You still use the  
4 *Polaroid* factors.

5 THE COURT: Aren't many of the features of the  
6 Traveltime shoe, like its toe bumper and clog shape,  
7 functional?

8 MR. SAUNDERS: You could point to individual elements  
9 that have a function, but that's not the test under the  
10 applicable law, your Honor. The test for functionality -- and  
11 this is now what we are talking about, utilitarian  
12 functionality -- is not whether the product or feature has a  
13 function. That is not the test. The test is whether it is a  
14 necessary element for someone to use in a competitive product  
15 and whether the feature affects the cost of manufacturing or  
16 the ease of manufacturing.

17 So the mere facts -- and there is a ton of case law on  
18 this. The mere fact that the element has a function doesn't  
19 make it functional under trademark law. And, besides, you  
20 can't look at the independent -- individual elements  
21 themselves, because the trade dress is the combination of those  
22 elements.

23 So the question is, is the entire -- all six elements,  
24 your Honor, are they all functional under trademark law? And  
25 the answer is absolutely not because there are a zillion ways



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1 to make that shoe with the same purpose, the same feel, the  
2 same cost and not look like the Traveltime shoe. So that,  
3 there, *de jure*, is no functionality.

4 THE COURT: How can you claim that Traveltime enjoyed  
5 exclusivity in the market in light of your own witnesses'  
6 repeated concessions that several shoes, some dating back to  
7 the early 2000s, possessed all of the claimed travel dress  
8 elements?

9 MR. SAUNDERS: Because it is still the physical  
10 appearance. The physical appearance is what the consumer sees  
11 and how the consumer identifies the shoe. And so that's like  
12 saying, your Honor, well, don't all of your -- doesn't your  
13 shoe have a tongue? Doesn't your shoe have a midsole, an  
14 outsole? Doesn't it have laces?

15 Sure, you can ask about broad generic elements of  
16 shoes, but Skechers themselves demonstrated that you can use  
17 these -- these are just elements of a shoe, but you can make it  
18 look very different. There is absolutely no reason to make it  
19 look exactly like anyone's existing shoe, unless the entire  
20 shoe is a generic shoe.

21 But here, Skechers demonstrated that themselves. They  
22 have images of all kinds of open back, heel style, clog shoes  
23 that they themselves designed, that they themselves made, and  
24 that they themselves sold that don't look anything like the  
25 Traveltime shoe, even though they have, you know, these

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1 elements.

2 The question is what does it look like? If you can  
3 put the elements on paper without an image, you know, you can't  
4 do that for trade dress. You have to have the visual element,  
5 and the visual element here is distinct.

6 And if Skechers didn't think so, then why would they  
7 have to send it to their factory to copy it? Why wouldn't they  
8 use one of the 30 prior shoes that they designed as a basis for  
9 a new shoe? I mean, there is also that, which I believe is a  
10 jury question as well. It doesn't make sense, your Honor. If  
11 the shoe were really generic, you know, why would you need to  
12 copy it and why were you so specific to tell the factory it's  
13 got to have the same -- the exact same dimensions, the exact  
14 same dimensions, that the designer who the shoe was sent to the  
15 factory and gave that instruction, it's paragraph 10, Exhibit 6  
16 to my declaration, and then when it came back, he made strides  
17 and efforts to ensure. He double and triple checked that the  
18 dimensions were exactly the same. Now, why would that be  
19 necessary if that shoe were not distinctive in some way? It is  
20 simply -- well, I think it raises a question.

21 THE COURT: Your briefing spends considerable time  
22 arguing about the credibility of Skechers' witnesses, but don't  
23 those credibility issues relate specifically to Skechers' bad  
24 faith in copying the Traveltime shoe?

25 MR. SAUNDERS: Right, but there are other -- so that's

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1 true, your Honor. I want to answer your question. But there  
2 are other material disputes raised by the parties' papers as to  
3 the other likelihood of confusion factors which I was going to  
4 address briefly first.

5 For example, Skechers claims that Traveltime, the  
6 registered trademark, is a weak mark, but for the reasons that  
7 we explained, on pages 21 and 22 of our opposition, the  
8 trademark is strong on both grounds inherently. Inherently  
9 there is nothing about Traveltime that conjures up or suggests  
10 shoes, therefore, it is not a suggestive mark, it is a strong,  
11 distinctive, arbitrary mark. And it also has substantial  
12 market strength, having been sold for 15 continuous years and  
13 having been a market leader in one year and a leader for the  
14 entire Easy Spirit line of shoes every year. That certainly  
15 makes the mark, in our view, quite strong. And therefore,  
16 based on that evidence, that the mark is registered, it's  
17 incontestable, it's arbitrary, distinctive, and has market  
18 strength, a reasonable jury could find that the mark is a  
19 strong mark based on this evidence, and so here we have another  
20 dispute, clearly material and clearly a dispute, your Honor.  
21 They say it's weak, and we provided evidence that it is very  
22 strong. That's a disputed fact, your Honor.

23 And similarly, the similarity of the marks, I mean,  
24 that's absolutely another issue that the jury could find in  
25 favor of Easy Spirit. Again, Skechers is saying, on pages five

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1 to six of its reply, "the addition of the word 'time' to the  
2 Commute Time mark as a separate word" -- and I'm reading, I'm  
3 quoting now -- "rather than in combination, like in Traveltime,  
4 does not change the fact that the overall consumer impression  
5 of the two marks in context is that they are distinct and  
6 unsimilar phrases."

7 We say the evidence shows absolutely the opposite.  
8 The fact that there is a space in between "Commute" and "Time"  
9 does not distinguish the marks, your Honor. But that's  
10 something that the jury would consider as well. Does it or  
11 doesn't it?

12 And so, again, we have another -- right here, it's  
13 clear, it is a disputed material fact, your Honor. They say  
14 one thing, and they say the evidence supports that, and we say  
15 absolutely not. The evidence supports completely the opposite  
16 conclusion, that the space in between the two words is  
17 meaningless and would not be something that the consumer would  
18 pay much attention to. The fact is, as your Honor said  
19 earlier, the addition of the word "time" is what's significant,  
20 not the space.

21 THE COURT: Why shouldn't this Court find that Easy  
22 Spirit' average consumers are sophisticated?

23 MR. SAUNDERS: Right. So that was another factor that  
24 I wanted to address, your Honor. This one is pretty much a  
25 legal issue, though. But certainly there is evidence that the

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1 target consumer for these products are, you know, ordinary  
2 individuals, slightly -- I don't want to say older, because  
3 they may be younger than I am, but it's a certain segment of  
4 people who are not fashionistas, so the Second Circuit a number  
5 of times and the Southern District in a number of cases has  
6 recognized that, when you are dealing with very expensive,  
7 high-end, high couture fashion items, when we are talking about  
8 the Guccis and the Fendis, and the Chanel's, yes, those people  
9 are sophisticated, and there is case law that says they know  
10 their brands, they know where their shoes come from or their  
11 products come from, their handbags, and they are sophisticated  
12 because they are spending a tremendous amount of money and they  
13 also follow fashion. But there is absolutely no evidence here  
14 of that. This is a --

15 THE COURT: But isn't your average consumer has at  
16 least some college-level education and they are middle-aged?

17 MR. SAUNDERS: That may be.

18 THE COURT: Don't you agree with that?

19 MR. SAUNDERS: Respectfully, your Honor, that doesn't  
20 make them sophisticated in this field. Maybe they are -- I'm  
21 not saying they are not smart. I'm not saying they are  
22 ignorant. I'm not saying that at all. I am just saying they  
23 don't have -- sophistication refers to the knowledge in the  
24 particular field, not just like whether the person is  
25 sophisticated and smart. And so, here, all we are saying is,

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1 now, they don't have that kind of knowledge. They don't know  
2 what company makes what product and what designer works for  
3 what company, like the people who follow fashion do. In other  
4 words, there is no basis here to apply sophistication of the  
5 consumer factor. Here, there is no basis to say these people  
6 are knowledgeable about the shoe industry.

7 THE COURT: Well, aren't shoes a bigger purchase than  
8 typical consumer goods like, you know, a pack of gum or a candy  
9 bar?

10 MR. SAUNDERS: Sure, you could say that.

11 THE COURT: Of course it's true, right?

12 MR. SAUNDERS: No I'm not saying --

13 THE COURT: Hold on. When you buy a pair of shoes,  
14 it's not something that you are going to wear once and throw  
15 away, okay? You are going to have them for a period of time.  
16 And I think, you know, the argument that somebody has to have a  
17 lot of money and buy an expensive Gucci bag does not make them  
18 sophisticated. Sophisticated shoppers are people who are  
19 comparison shopping and knowing what they are looking for.

20 MR. SAUNDERS: That may be true, but all I'm saying is  
21 the evidence of record here doesn't go that way. I mean, you  
22 could say, yes, shoes cost more than a pack of gum, and maybe  
23 an overcoat costs more than shoes, and a piece of jewelry costs  
24 more than an overcoat. Still, that alone doesn't make the  
25 consumer sophisticated. That is just what the law is. I'm

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1 not -- it's not my personal opinion. That's what the law is.  
2 That alone doesn't do it.

3 But there is case law that says where there -- the  
4 buyers are professional, let's say, selling medical equipment,  
5 like an x-ray scanner, x-ray machine, there is a high burden of  
6 proof of likelihood of confusion there because those people are  
7 very knowledgeable, because they are buying something that's in  
8 their trade.

9 Similarly, where the consumers are spending  
10 extraordinary amounts of money on something, there may be more  
11 due care in making the purchasing decision.

12 But, again, due care is not quite the same thing as  
13 sophistication.

14 THE COURT: All right. Your complaint alleges a state  
15 law claim for dilution under New York law. However, in reading  
16 your briefs, it suggests to me that the claim rests on a  
17 federal statute. Have you abandoned your state law claim?

18 MR. SAUNDERS: We haven't abandoned it, your Honor,  
19 expressly. We just ran out of pages, but we haven't expressly  
20 abandoned it. We certainly believe that, under either the  
21 federal law or state statute, certainly under the federal  
22 statute that, there is dilution. And, again, significantly,  
23 for dilution, you do not need to prove confusion.

24 THE COURT: But isn't the standard for the federal  
25 claim higher in that it needs to be a famous mark?

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1 MR. SAUNDERS: It may be absolutely higher and, as I  
2 said, we are not abandoning the state claim, but the concept is  
3 very similar even if, under the federal statute, there might be  
4 a higher burden of proving that the design is very well-known.

5 THE COURT: All right. Anything further,  
6 Mr. Saunders?

7 MR. SAUNDERS: Yeah. Well, I didn't discuss the  
8 similarity of the shoes, the similarity of the overall shoes  
9 that are at issue here. But this, too, does also create a  
10 material fact in dispute because Skechers is saying on page six  
11 of its reply, they argue that the Skechers and Easy Spirit  
12 shoes "are dissimilar in the context of open backs, as there  
13 are numerous differences between them with respect to the  
14 claimed elements and their overall commercial impressions."  
15 That's Skechers.

16 But here we clearly have a dispute, another dispute as  
17 to a material fact. Are they dissimilar? I think it's for the  
18 jury to determine, to look at the shoes and to determine  
19 whether they are dissimilar or very similar in overall or  
20 commercial appearance. A reasonable jury certainly could find  
21 in Easy Spirit' favor on that factual issue, and it's  
22 fundamental to the claim.

23 And indeed, your Honor, if the CEO of the company,  
24 Mr. Greenberg, refers to his Skechers shoes, to the Commute  
25 Time shoes as the "Traveltime-looking product," if he is



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1 referring to it as the "Traveltime-looking product," then there  
2 is certainly quite -- there is a dispute between the evidence  
3 of record and Skechers' own argument. How could these shoes be  
4 totally dissimilar and yet the CEO is calling them in documents  
5 "the Traveltime-looking product"? I believe that raises a very  
6 significant issue, and a material one, and one that should be  
7 decided by the jury.

8 And moving on, finally, to the intent and bad faith,  
9 the reason why we spent so much time on it is because we think  
10 it is quite important. There is too much here, your Honor,  
11 just to brush it off and say, it's fair competition and we  
12 didn't mean to confuse. There is too much of it and there is  
13 too much inconsistency, evasiveness, and finger-pointing. And,  
14 again, this raise as jury question. I mean, the copying was  
15 pervasive. Skechers suggested in one of its facts that this  
16 was -- that the Easy Spirit shoe was sent to the factory to  
17 save time. Well, that's a credibility issue.

18 But there could be no serious doubt that the testimony  
19 and evidence, which we summarized in the brief and adduced in  
20 discovery, does raise very serious questions as to whether  
21 Skechers intended to confuse by coming as close as possible to  
22 the mark and to the trade dress and then, on top of it, copying  
23 advertising and everything else that it did, and changing the  
24 name from one that was synonymous and similar and had the same  
25 connotation to one that was even more similar, after only months

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1 of the introduction of the shoe, as your Honor said earlier.  
2 And in fact even counsel admitted that adding "time," the word  
3 "time," increased the similarity of the marks. So once again,  
4 isn't that a jury issue? I would say it is. I would say it is  
5 an issue. Clearly it's material, and I believe it raises  
6 another issue that should be decided by the jury.

7 So Skechers is saying, okay, we intended to copy, but  
8 of course we didn't intend to confuse. I think the jury should  
9 decide whether that is the case or not based upon all of the  
10 evidence.

11 THE COURT: I think I have your arguments,  
12 Mr. Saunders.

13 MR. SAUNDERS: All right. And there was -- I just  
14 wanted to raise one other point. It was a case before your  
15 Honor, the *Mr. Water Heaters Enterprises*?

16 THE COURT: Yes.

17 MR. SAUNDERS: You may recall, 648 F.Supp.2d 576, and  
18 I would like to finish there, your Honor, because in that case  
19 your Honor found that there was "an inference of bad faith  
20 bolstered if the defendant offers no credible explanation for  
21 its adoption of a plaintiff's mark." That case was a summary  
22 judgment case, and your Honor stated, "Accordingly, whether  
23 defendant acted in bad faith is a jury question," and I think  
24 the same logic applies here to the changing of the name from  
25 one that is similar to one that is even more similar without

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1 giving any credible explanation. And to this day, your Honor,  
2 we have no explanation. We asked. We fought for  
3 Mr. Greenberg's deposition. We asked Mr. Greenberg. He had  
4 actually no recollection of anything. He just kept say, "I  
5 don't recall," "I don't recall." And yet, here, you have  
6 counsel telling you Mr. Greenberg didn't like the name and that  
7 was the reason for the change, and it's really odd that  
8 Mr. Greenberg not only couldn't explain why he didn't like the  
9 name and made the change, but couldn't even remember,  
10 supposedly, any facts whatsoever related to that name change.

11 And so coming back to the *Water Heaters* case, the  
12 Court concluded, "While plaintiffs failed to show actual  
13 confusion, a question of fact exists as to whether defendant  
14 acted in bad faith," and we say the same exact logic in  
15 *Mr. Water Heater* applies here and, therefore, respectfully,  
16 summary judgment should be denied.

17 THE COURT: All right. Thank you, Mr. Saunders.

18 Mr. Lee, anything further?

19 MR. LEE: Yes, sir. A couple of minor points and  
20 one --

21 THE COURT: Yes, very, very briefly. All right? And  
22 first let me ask you this: In your view, are the trade dress  
23 and trademark claims so similar that they rise and fall  
24 together, such that if one is dismissed, the other is  
25 dismissed?

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1 MR. LEE: Necessarily, no, your Honor. There are  
2 certain burdens of proof on the trade dress claims where Easy  
3 Spirit has utterly failed to come forward with any evidence,  
4 and you wouldn't say that for the same on the trade dress --  
5 excuse me, on the trademark claims. So I would not say they  
6 necessarily rise and fall together. I do believe they both  
7 should fall, your Honor, but I wouldn't say they rise and fall  
8 together.

9 THE COURT: All right. Now you said you had a couple  
10 of minor points and a major point?

11 MR. SAUNDERS: Well --

12 THE COURT: Did I hear you right?

13 MR. SAUNDERS: Yes, sir. I'm not sure minor versus  
14 major. One point I wanted to clarify, because I had one of my  
15 colleagues dig this up while Mr. Saunders was talking.

16 You asked about sort of the fuzzy Skechers shoe, the  
17 first shoe that was identified in the counterstatement in  
18 paragraph 321. That image in the counterstatement only showed  
19 one side of the shoe and the upper. The actual exhibit that's  
20 attached to the papers, that was attached by Easy Spirit,  
21 Exhibit 8M, actually shows the converse side, the outside, and  
22 that does have the Skechers name prominently on the outside.  
23 So you asked about just that one shoe and whether every  
24 Skechers shoe says "Skechers." again, your Honor, we say yes.  
25 And that one shoe, the image I believe you saw or your clerk

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1 saw simply didn't see the other side of it. But Exhibit 8M  
2 shows that clearly.

3 Looking at a couple of high-level issues, your Honor,  
4 and you asked about the trade dress and functionality that I  
5 wanted to address quickly.

6 Again, it is incumbent upon them to identify their  
7 alleged trade dress and we would admit that they did so. We  
8 are not saying that they did not. What they failed to do is to  
9 identify how that trade dress is distinctive either by element  
10 or in combination. They failed to argue how that trade dress  
11 is not functional by element or in combination. We went  
12 through that *ad nauseam* in our brief, your Honor, and they  
13 failed to address it. So there is no evidence to suggest  
14 otherwise.

15 Same thing with secondary meaning, your Honor.  
16 Counsel talked about these various documents and what they show  
17 and don't show. The reality is they produced very little in  
18 discovery about advertising or sales. Only a handful of the  
19 articles they produced predate our launch, so only a handful of  
20 the articles can even be considered relevant, and they don't  
21 show that they promoted the trade dress specifically or  
22 separately from selling it -- just having it be an Easy Spirit  
23 advertisement. And, yes, we were prejudiced, your Honor, by  
24 their failure to produce that stuff during discovery, but by  
25 and large, as counsel admitted, it all postdated our launch.

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1           We heard Mr. Saunders talk at length about *Footwear*  
2 *News* and the iconic shoe, putting aside that that doesn't even  
3 necessarily address the trade dress, again, all Mr. Saunders  
4 said is not in the record. There is no evidence behind any of  
5 this? And so we have the article, which wasn't produced in  
6 discovery, but all of this other supposition is not evidence,  
7 your Honor.

8           And when you are looking at summary judgment, Easy  
9 Spirit simply can't cherry-pick every fact that it disagrees  
10 with and say, oh, we didn't agree, therefore there is a  
11 disputed fact, and so therefore we should get to go to a jury.

12           Their brief in no way, shape, or form discusses the  
13 alleged similarity, for example, between the trade dresses. We  
14 went through that at length in our brief, explaining why these  
15 trade dresses are dissimilar. To your point, what they are  
16 claiming is such a broad category of trade dress that, you  
17 know, whether -- I mean, it's almost like they did claim a  
18 tongue and a sole and laces because they allege an outsole, a  
19 midsole, an upper that you can slip onto your foot. Again,  
20 these dresses are dissimilar. We detailed in our brief how so.  
21 They did not respond to that. they can't create an issue of  
22 material fact on the issues, for example, just because  
23 Mr. Saunders won't agree to it today on the telephone.

24           And last point I would -- again, I would go to sort of  
25 the bad faith issue, and this question about Mr. Greenberg and

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1 Mr. Saunders' comments, there is too much here, too much  
2 evasiveness, too much finger-pointing. I'm not sure honestly  
3 what he is referring to about evasiveness. All of these  
4 witnesses answered the questions asked of them. They all  
5 answered who was responsible for what. Ms. Baruch was asked  
6 who is responsible for designing the pattern? She pointed to  
7 Ms. Spears, and they deposed Ms. Spears and she explained that  
8 process. Mr. Greenberg was asked who is responsible for  
9 picking and designing and launching the Commute Time shoe? He  
10 said it is Mrs. Baruch and, well, they asked Mrs. Baruch about  
11 that extensively. So there is no evasiveness. There is no  
12 finger pointing.

13 And, yes, certainly while Mr. Greenberg couldn't  
14 answer every question put to him, you know, again, you have the  
15 fortune -- you have the CEO, chairman of the board of a Fortune  
16 500 company, who deals with thousands of pairs of shoes,  
17 billions of dollars of sales every year, and he is not going to  
18 remember details about a couple of e-mails. But the e-mails --

19 THE COURT: Let me ask you this. Why would he refer  
20 to a "Traveltime-looking product"?

21 MR. LEE: Yes, sir. At the time, all we can --  
22 honestly, he has no recollection of the e-mails. You can glean  
23 from the e-mail that he wants to talk to Mrs. Baruch about  
24 offering some competitive shoes, because those e-mails talk  
25 about other competitive shoes. Let's make a different Skechers

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1 shoe using Skechers designs from the Reggae or some of these  
2 other designs, let's make an offer, a competitive offering that  
3 looks like the Traveltime. That's what it says, your Honor, to  
4 be fair. That doesn't mean there is a bad-faith intent to  
5 infringe. And I certainly didn't admit, and I don't believe  
6 Skechers has ever admitted they intended to copy. Competition  
7 is competition, your Honor.

8 And, with that, I'm finished.

9 THE COURT: All right. Counsel, thank you for your  
10 arguments. Decision on the motion is reserved.

11 Have a good afternoon.

12 MR. SAUNDERS: Thank you, your Honor. Same to you.

13 MR. LEE: Thank you, your Honor.

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